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**Institutional Strategy for the
Uganda National Forum**

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Over the last five years, the National Forum has played a major role in articulating business-friendly policies contributing to economic growth and equity. The Forum's structured procedures permit Ugandans from diverse backgrounds to articulate policies from the perspective of long-term, national interest. This report examines the Forum's history, how it works, its successes, its problems, and where it should go from here.

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INSTITUTIONAL STRATEGY FOR THE UGANDA NATIONAL FORUM

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INSTITUTIONAL STRATEGY FOR THE UGANDA NATIONAL FORUM

Acronyms and Abbreviations

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| BOCCIM | Botswana Confederation of Industry, Commerce and Management |
| DANIDA | Danish Foreign Assistance Program |
| EPAU | Economic Policy Analysis Unit |
| EPZ | Export Processing Zone |
| FAO | United Nations Food and Agriculture Organization |
| FVO | Private voluntary organization |
| GOU | Government of Uganda |
| IBRD | International Bank for Reconstruction and Development |
| IFC | International Finance Corporation |
| IPC | Implementing Policy Change |
| LRC | Law Reform Commission |
| MOJ | Ministry of Justice |
| MOU | Memorandum of Understanding |
| NAFTA | North Atlantic Free Trade Agreement |
| NGO | Non-governmental organization |
| NPA | National Planning Authority |
| PEC | Presidential Economic Council |
| PSCP | Private Sector Competitiveness Project |
| PSDP | Private Sector Development Programme |
| PSF | Private Sector Foundation |
| UEF | Uganda Equity Fund |
| UIA | Uganda Investment Authority |
| UMACIS | Uganda Manufacturers Association Consultancy and Information Services |
| UNDP | United Nations Development Programme |
| URA | Uganda Revenue Authority |

INSTITUTIONAL STRATEGY FOR THE UGANDA NATIONAL FORUM

I. INTRODUCTION

Against the backdrop of Uganda's political and macroeconomic stability, improvements in the enabling policy environment take on heightened importance now, just as they did five years ago. "Getting the policies right" includes both establishing a legal and regulation framework and strengthening of institutions responsible for assuring implementation and ongoing modification. "Getting the policies right" is an essential complement -- if not a critical precondition -- to much of the more "hands-on" project work in agriculture, trade and investment, financial sector development and other areas. In fact, the lasting value of the hands-on project work is often to show policy makers through isolated "test-tube" examples, the positive effects that good policies *would* have on economic growth if policies were changed to replicate the "test-tube" project case. The right policy framework is the means by which the political and macroeconomic stability Uganda has attained will be translated into rapid, market-led economic growth required for greater economic equity.

This paper looks at the National Forum in Uganda. Over the last five years, this institution has played a major role in articulating and formulating business-friendly, growth-promoting, policies by establishing a common meeting ground or forum. At this forum, Ugandans are able to articulate, through a structured procedure, policies from the perspective of long-term, national interest rather than from the typical perspective of short-term, particular interest.

A four person team completed the field work for this report from November 14 to December 5, 1996 in Uganda. Data analysis and report drafted were completed in January 1997. In country, the team interviewed over thirty members of the National Forum and a number of the principals of other policy related organizations. As well, the team had free access to the National Forum Secretariat files and the USAID/Kampala official project files and directly observed one Monitoring Committee meeting.

The effort employed different methodologies to examine different areas of the National Forum's experience. Section II of this report examines what the National Forum has accomplished up to the present through four different methodological approaches.

- < In Section II,A an historical perspective is adopted to look at how the National Forum came into being and how it evolved up to now.
- < In Section II.B, an institutional analysis looks at the structure, functions, relationships and norms (values) that the National Forum exhibits.
- < In Section II,C, an analysis of attitudes of over thirty National Forum members through in-

depth, non-directive interviews examines the National Forum as the members see it.

- < Section III undertakes a comparative institutional approach. It briefly describes the activities of other policy related organization and compares them to the National Forum.

Each section contains a number of conclusions to interpret the descriptive information from each approach. Finally in Section IV, recommendations for future action the National Forum should consider build on the descriptive analyses and their conclusions. The scope of work of the team effort is contained in Annex I of this paper.

This report focuses on the "big picture" of the National Forum as an organization. It is not an evaluation to benchmark the performance of the Forum, it does not attempt to trace the impact of specific policy changes which the forum once proposed and which have now been implemented, nor does it analyze or suggest recommendations to improve the day-to-day functioning of the Forum. An evaluative study which traced the National Forum's impact on policy change is clearly warranted however. It would make informative reading for those working in Uganda as well as those elsewhere eager to replicate the achievements of the National Forum.

II. WHAT HAS THE NATIONAL FORUM ACCOMPLISHED?

A. HISTORICAL PERSPECTIVE

The National Forum was created in 1992, but its real beginnings probably go back as far as 1988. At that time the Museveni government had just come to power. At its beginning, the government was oriented towards a centrally-planned and controlled economy. In 1989 USAID convened a conference on privatization at which President Museveni said "Africa was not ready for privatization."

At that time, the private sector was perceived by most in government to be largely greedy and irresponsible. The feelings among private sector members were reciprocal. The private sector felt that government only wanted to extract wealth from it either through taxes or by demanding bribes. The institutional landscape at this time was essentially devastated after two decades of civil unrest and political upheaval. A new government was just getting in place and there was only an Interim Parliament. Almost all business associations were in chaos too.

One of the early initiatives of the new government was to consider how to return properties to their former Asian owners which led to debate on whether or not to privatize other state-owned companies. A more basic concern however was defining an enabling environment which would allow the private sector to operate at all. In this context, there was a series of high-level contacts and events (conferences, studies, site visits and short-term training sessions), sponsored by the World Bank and USAID which helped the Ugandan leadership evolve in its thinking about the role of the private sector and shifting from a controlled, centralized economy to a market-oriented economy.

There is not space here to outline the specific, unique circumstances related to this change, except to point out that in parallel to this evolution the National Forum was established. This parallel development of the National Forum meant that the Forum was at the right place at the right time to accelerate policy change. This sequence of events might be replicable in other countries in similar circumstances.

To simplify, there were three major steps in the creation of the National Forum.

- < ***First Step: Priority focus on the enabling policy environment.*** USAID at this time was concerned with and focused on the enabling environment required for private sector activities to take place. If the GOU was going to return properties it held back to the Asian population and to privatize other parastatals, hopefully a new policy, legal, regulatory and institutional environment would have to emerge so that it could be productive. But from where?
- < ***Second Step: Forming the nucleus of a public/private sector partnership.*** USAID identified key individuals within the government and the private sector business community who could form the nucleus of a public/private sector partnership. On the side of government, these

officials were "business-friendly" policy makers who believed in the potential role of good economic policy to spur agricultural production and private enterprise required for economic growth. On the side of the private sector, these entrepreneurs were key leaders of wider business interests at the head of the country's only strong business associations, the Uganda Manufacturers Association (UMA). On both sides, the individuals were dynamic and known for "getting things done." These individuals, along with USAID, became the nucleus of the beginning of a public/private sector partnership. These individuals later became the Monitoring Committee within the overall structure of the National Forum.

- < ***Third Step: Enlarging the partnership.*** No small group, however dynamic, can break through years of distrust and suspicion. The partnership had to be extended through consensus building to create a larger coalition. But before the National Forum would become a workable format that it is today, it took some very careful thinking and some "trial and error" experiments. This formative period was critical and deserves closer attention.

As a starting point, the USAID Mission financed a consultancy through the Implementing Policy Change (IPC) Program. Drawing from private sector individuals and representatives from government, the consultants held a retreat to identify policy issues within groups. The issues were grouped into the four areas -- financial sector development, tax and administration policy, export promotion and the investment promotion -- which needed to be studied over the next five years. The first National Forum working groups were built around these subject areas.

The first experience with the working groups were judged largely unsuccessful. The main problem was that they resulted in "just talk" without any ideas or any plan that would lead to action.¹ When the early working groups did not work, the nucleus group (the Monitoring Committee) gave more careful attention to the membership in the working groups. For each working group of 10 to 12 people, the Monitoring Committee identified influential people who contained a mix of pro-business attitudes along with those who were skeptical about the possibility of building a business-based, market-oriented economy.

The Monitoring Committee found that the working groups also needed more parliamentarians to complement the government and private sector representatives with the political savvy of these law-makers. Thus the National Forum partnership of two became a triad. It recruited people who were good in managing others and focusing others on getting things done.

At the outset, the Presidential Economic Council (PEC), headed by the President, was originally going to champion the National Forum. PEC membership consisted of top government technocrats and

¹As a factual matter, even this early experience led to an new investment code which, in turn, eventually led to the creation of the Ugandan Investment Authority.

Cabinet Ministers responsible for economic policy. The PEC was the base within the government for reform-minded policies, such as the liberalization of the foreign exchange regime, which began around 1990. Nevertheless, PEC became inactive in early 1993. It did not meet at all in 1993 or in 1995. It met only once in December of 1996 as part of an effort to revive it under the chairmanship of the Vice President. In spite of its inactivity, the National Forum maintained that linkage to PEC as an early policy reform initiative.

The timing of the National Forum was right however. When the GOU had decided and was ready to liberalize the economy, Nation Forum was already in place. In the case of Uganda, the top political leadership aggressively pursued economic stabilization and liberalization and immediately relied on the National Forum as the only point where a public-private partnership of Ugandans had thought out critical policy issues. The first annual National Forum conference was held in December 1992 and was attended by the President and the Vice President. At the second conference in 1994, the President was represented by the Vice President. On both of these occasions the President endorsed a wide range of the reforms articulated in the National Form. The third National Forum conference held in December 1995 was attended by Prime Minister Kintu-Musoke. Again, the President personally followed up by endorsing and directed reforms to implementation which were articulated and formulated in the National Forum.

Conclusions: This brief history demonstrates how the basic concepts and structures of the National Forum were identified and honed into a workable format to articulate and formulate policy. It shows how a small partnership between business and government could emerge in spite of an atmosphere of distrust and suspicion and develop into a type of coalition, which top political leadership could support. At the same time, it illustrates how a small circle of leaders with a vision of how business and government can work together can be enlarged to reach the "critical mass" required to bring about policy change. Finally, it points up the importance of timeliness. No one could have even predicted exactly when, or if, the Uganda Government would shift to a more liberal, market-oriented economy. But when it did, the presence of the National Forum greatly accelerated the large and difficult task of articulating, formulating and creating consensus on specific policy reform issues which could be adopted. It goes beyond this report to determine whether or not, or to what extent, the National Forum actually influenced or caused the shift in the Ugandan Government's thinking to occur.

B. INSTITUTIONAL ANALYSIS

1. Structures

The component parts of the National Forum consist of the Monitoring Committee which meets quarterly, the Working Groups (and sub-groups which occasionally operated therein) which meet once a month and the annual National Forum Conference. Participation as a member of the National Forum is upon invitation only and, once invited, is entirely voluntary. Members are paid approximately \$20 per meeting to cover the costs of transportation and attendance.

To support this effort, there is a paid, part-time Chairman, a Director of the Secretariat and from four to five paid part-time secretaries. The annual budget for the National Forum is around \$80,000. Roughly half of that amount covers the cost of the annual conference; the other half covers the administrative costs. The National Forum is funded by USAID through a grant to the Uganda Manufacturers Association (UMA) which administers grant operations through an independent, for-profit consultancy affiliate, the Uganda Manufacturer Association Consultancy and Information Service (UMACIS).

The National Forum operates like a special committee under the UMA whose activities are financed by USAID and carried out by UMACIS. The Forum has no other legal authority or basis for operating, no by-laws, no statutes nor articles of incorporation.

a. Monitoring Committee and Membership Selection

The Monitoring Committee is the main administrative and policy making body of the National Forum. As we saw above, the composition of Monitoring Committee is at its heart a partnership between business-friendly policy makers in government and responsible, private sector entrepreneurs representing wide business interest and the donors interest. It consist of the four individuals who made up the public/private partnership, namely the National Forum Chairman, the Director of the Secretariat, a representative from the Ministry of Finance (currently the Economic Advisor to the Minister), the USAID project manager; and the four chairpersons of the four Working Groups. Meetings of the Monitoring Committee are called on an "as needed" basis by its chairperson. It usually meets quarterly and then more frequently as the annual Conference approaches at the end of the calendar year.

The way the Monitoring Committee "delivers policies" to the President for decision and action prior to the conference is very streamlined and straight-forward. Within weeks of the conference, policy papers are delivered to the President for his review. In the past, the National Forum members presented their final recommendations to the President at the conference and, in direct come-back, the President responded by indicating which policies he wanted implemented based on the conference presentation and this previous review of the policy papers.

The Monitoring committee also selects new members to the National Forum. These members will work in the substantive Working Groups and attend the conference at the end of the year. These individuals are carefully selected based on the members' personal knowledge of the individual according to a number of criteria. Specifically, the Monitoring Committee looks for individuals who would

- < Have a catalytic effect on the other members by being an opinion leader,
- < Participate actively themselves and would not delegate attendance to a subordinate, and
- < Contribute to the National Forum both immediately and in the long-term by virtue of probable advancement in their careers.

Finally, members are selected from as wide a spectrum of the economy as possible: government, private companies, business associations, parliamentarians, and political leaders, to obtain an balanced representation of each of these categories in each Working Group. New members are invited by written letter invitation. Members who did not attend regularly during the work year were dropped from the list of conference invitees. Total number of members and conference attendees is limited to approximately 100 persons.

b. Working Groups

Most of the "policy work" of the National forum takes place in the four substantive working groups. These include the Working Groups on

- < Investment Promotion and Export Development,
- < Human Resources Development and Capacity Building,
- < Financial Sector Development, and
- < Tax Policy and Administration.

Each working group meets once a month and generally has two main functions: articulate and formulate new policies and to monitor implementation performance of policies formulated at the pervious year's annual conference. The annual policy agenda for each group is set out in a policy matrix which was developed and approved at the annual conference (see below). The policy matrix identifies

- < The particular policy issues to be addressed,
- < The action that is required to address each issue,
- < The appropriate governmental agency that has responsibility for that policy area, and
- < A target date for accomplishing the required action.

Policy Articulation & Formulation. The Working Groups can identify topics to discuss, assign papers to be completed by its members and issues they can also identify outside individuals that want to recruit for their knowledge of a specific policy area.

Policy Implementation Tracking. The monthly meeting reviews each uncompleted item on the matrix to track progress or impediments to progress and identifies what action should be taken by whom over the course of the next month. After these meetings, usually the chairperson of the Working Group, will contact the Minister or Director of the organization who has the mandate or authority to address the policy issue. This contact would be made by direct meeting, in writing or telephone communication. For example, the Working Group Chair might meet first face-to-face for an informal discussion of a Minister's view of a policy issue and then follow up with a written letter to document the decisions of the meeting.

c. Annual National Forum Conference

The annual National Forum conference is a two to three day event held at the end of December, usually in a hotel facility on the outskirts of the nation's capital. It is attended by about 100 guests from all sectors of the economy and includes topical guest speakers of renown. The main work of the conference however, is a series of sessions designed to articulate and formulate a national policy agenda.

Day One Plenary Session: Each Working Groups chairperson presents an overview of the findings, achievements and difficulties over the past year and presents the new policy matrix of the next years high priority policy issues.

Day One Break-Out Session: The participants can select to attend any one of four Working Group break-out sessions to discuss the reports. The discussions aim to:

- < Identify all the issues,
- < Rank the issues in order of priority,
- < Identify the top issues that need to be addressed with the next 12 months,
- < Develop recommended solutions, and
- < Decide whether the forum should continue and, if so, under what institutional arrangement.

Participants can react to the presentations and are free to endorse, disapprove or criticize the views presented.

Day Two Plenary Session: The recommendations and action plans drawn up by the discussion groups of the proceeding afternoon are presented to the plenary session followed by a general discussion. Whereupon, and with some degree of consensus, the final recommendations on high priority policy issues are formulated. Finally, the new policy matrix is presented and adopted at a plenary session where the President or the Prime Minister of Uganda are invited and usually preside.

d. National Forum Secretariat

One secretary supports the work of each of the four Working Groups. The four secretaries organize all the Working Group and Monitoring Group committee meetings and the annual conferences, take minutes at each meeting and format letters, reports and other documents required for the Forum to undertake its activities. The activities of the secretariat are hosted by and housed in the Uganda Manufacturers Association (UMA) and are financed by USAID. The UMA has housed the part-time secretaries rent-free and makes other significant in-kind contributions to the National Forum operations.

2. Functions

The different levels of the National Forum structures function by feeding into each other.

- < In the Working Groups, members participate in the meetings by examining specific policy issues from the perspective of the business or professional community they represent.
- < When the Chairpersons of the Working Groups meet in the Monitoring Committee, they refine policy issues by cross-referencing policies to reconcile and harmonize them between different substantive areas. For example, the Investment Promotion Working Group may recommend measures to keep low labor wages to attract foreign investment and enhance the comparative advantage of Ugandan labor. The Human Resources Development Working Group will rebut that excessively low wages will destroy the morale of the workers and therefore not achieve the desired level of social development. Then both sides seek ways to refine the policy measures to reconcile the differences.
- < When the National Forum convenes at the annual conference, policy recommendations are aired and further refined before the broadest spectrum of viewpoints to arrive at policies that reflect very broad national interests.

The composition and interaction at the various level of the National Forum results in achieving a number of functions or processes essential to policy articulation, formulation and consensus building. The following can be identified:

- < "Dredging" process. New areas of policy initiative are identified deep within the functioning of businesses and other organizations (where members live them) and raises them to the highest level of government.
- < "Natural selection" process. Policies which are too one-sided or too particular are naturally eliminated if they cannot be adapted.
- < "Winnowing or Filtering" process. Policies are sorted and prioritized.
- < "Refinement or self-adjustment" process. Different policy measures are reconciled and refined by interaction between different sectors, professions and communities.
- < "Delivery" Process. Policy recommendations encapsulating the deliberative process are handed over and presented to top policy makers, usually the President or Prime Minister, for decision and implementation.
- < "Follow-up" process. Policy implementation is urged and tracked by Working Committee

chairpersons and at various other levels in the National Forum

3. Norms and Values

While its procedures are carefully observed, the structures and functions of the National Forum results in a kind of "loose, informal" institution. Members speak their minds freely, attend voluntarily and represent a diversity of economic sectors. They participate as informed, knowledgeable representatives of a particular sector of the economy, but speak as individuals. Inherent in these structures is the attempt to create change through reform and to aggregate self-interest into national interest for increased economic opportunity for Ugandans. The selectivity of membership contributes to a dynamic "get-things-done" kind of atmosphere. Finally among its other distinctive attributes, the fact that people live the policy problems they are discussing makes for immediate relevance of the issues.

Conclusions: In effect, the National Form is an informal, ad hoc selection of individuals drawn from a broad range of economic sectors, who constitute a kind of "shadow" economy or a microcosm of the Ugandan economy. Within the structures and functions of the National Forum, its members voluntarily act out policy articulation and formulation by adopting the perspective of the national interest and, then merely being themselves, they speak for the larger interest they represent. This microcosm of the economy is constructed around two principal axes:

- < Individuals from different sectors of the economy are present on each of the substantive Working Groups. Export policies, for example, are discussed by business people, parliamentarians and policy-makers.
- < The Working Groups interact so that the substantive areas they represent are adjusted one to the other. For example, the effects of a tax policy are considered from the point of view of the other policy areas.

In a sense, the policy recommendations are "pre-tested" in the economic microcosm that the Forum simulates prior to implementation. The net result is to create an organization that gives policy-makers and top leaders every confidence that the policy recommendations it formulates are business savvy, economically sound and politically safe.

C. ANALYSIS OF ATTITUDES

In this section of the report the members of the National Forum will speak for themselves. It is based on projective, in-depth, open-ended interviews conducted by the team with over thirty member participants in the National Forum selected for their diversity of representation. First, this section will look at the attachment the members of the Forum have developed for the Forum. It then will examine the current juncture in the life of the National Forum. Finally, it concludes by looking at some member perceptions of ways to improve the effectiveness of the Forum.

1. Members' Perception of the National Forum

Almost all members of the National Forum have or have had in the recent past a very strong positive attitude and strong attachment to it. The National Forum is respected as a genuine "forum" or meeting place where people can freely express their views on key economic issues which concern them.

"The advantage of the National Forum is the informal atmosphere: You can speak your mind knowing that you will be taken seriously, but also that it will not be held against you. At the National Forum you don't speak for a ministry, company, political persuasion. People will say in the National Forum what is not said elsewhere."

"I hope the National Forum continues. It is able to bring people together for one to two days a year to look at the economy and key issues. The prime value of the National Forum is to bring people together and allow them to talk. Whether they agree or not is not important. The National Forum brings all angles out."

In the perception of its members the National Forum has been successful in a number of important roles. These accomplishments have established a strong positive attitude toward the National Forum by its membership.

Creation of a public/private partnership. Perhaps the most important role of the National Forum and its major achievement, in the members' view, is having created a partnership between the public and private sectors.

"The most important achievement of the National Forum was to break the suspicions between the government and the private sector. Now we can sit together and talk"

"National Forum has served a purpose, a very, very useful purpose. It was the first time that government and the private sector could sit down and exchange views. Before the National Forum, the private sector was viewed as thieves who made big money but weren't serious."

Adoption of private sector policies by government. Most members, many in the private sector, feel that the National Forum has been very successful in getting government to implement policies in the interests of the private sector.

"The National Forum has done a very good job over the last five years. It has liberalized exchange rates, gotten the 100 percent retention scheme for exporters accepted, it demands accountability of the civil servants, and it has de-mystified and rationalized the budget process (before everything was confidential). With these things, many other things fall into place."

Adoption of government policies by the private sector. As in any good partnership, the benefits have to flow both ways. Others, usually members in government, feel that National Forum has been a way for Government to get its policies reviewed and to get the private sector to agree on policies the government wanted.

"The biggest impact of the Forum has been to get the private sector to think about how government policies impact them. It has been successful in getting the private sector to think things out. It gets the private sector together to sit, talk and agree. That's job number one."

"The National Forum grew out of the Government. It tried to find a way to create a private sector that could be a partner for it. No use putting up policies no one understands. It all started from there."

"The National Forum is not dominated by ministers, civil servants or the Prime Minister. The National Forum has been working with us (the government). Once you have been to the National Forum -- have had your policies debated in the National Forum -- those policies are seen as Ugandan and not from the GOU."

Self-regulatory body of business people. Some members have seen that the National Forum also operates at times like an organization that regulates business people by business people in a way that government would be unable to do.

"When the Working Group felt there was an issue, they had a task force work on it. They could present evidence of what is happening, they could find out the truth about what was happening from the ground level up that the government could not see. The National Forum is not just there to protect themselves."

"For example, a trader was given the right to import goods duty free and a tax holiday to establish a manufacturing business. Instead, the trader imported goods tax free for resale with no intention of establishing a business. The National Forum found out the details, went to the government and argued the need to adopt policies which could not be abused. The National Forum is sort of self regulating."

Supervision of government. But if the Forum acts at times to regulate private firms, it also keeps a watch on government as well. Other members feel that the National Forum helps to keep government "on its toes" and to bring it down to the level of the people.

"The National Forum wakes up, watches and helps keep government honest. The National Forum also brings down ministers to the level of the civil service."

"The National Forum is coming at a critical time. We need to put into place the checks and balances. No more laws at midnight!"

Supplement the thinking of business associations. The National Forum has also served to give business associations a broader view of the more general context to see how their more narrow sectoral focus fits.

"The UMA was asked to consider the budget considerations on the private sector by the Ministry of Finance. We had to submit a report in March. We set up the National Forum to supplement the thinking of the UMA in order to better respond to the needs of the government budget recommendation process required for the annual report. How can we make recommendations in industry without knowing how they will affect other sectors? We started the National Forum for that purpose."

Adoption of outside policy reforms. Some members see also that the Forum has served as a welcoming structure for the adoption of policy reforms which came largely from outside of Uganda. Seen from this perspective, the National Forum has helped Uganda to catch up to international best policy practices.

"The National Forum has stimulated local level demand for reforms which were consistent with many reforms which made good sense but originated from the outside of Uganda. The National Forum has created a structure to receive, welcome and buy into those exterior policy initiatives . . . matching the problems people perceive with the policies which they would need to adopt to handle the problem."

Conclusions. The members perception of the National forum points back to the history of the Forum and validates the role the Forum has played in creating a public-private sector partnership characterized by a number of symmetrically perceived benefits from different partners. Its members value the contribution of the Forum as an institution for the role it has played in creating this public/private policy dialogue. National Forum members display a strong sense of *ownership* of their organization.

2. Relationship with Time (Pace of Policy Reform)

Policy change moves at its own pace. Some are fast. Some are slower. Policy solutions, like the problems to which they correspond, come in different "temporal" sizes. Elements in this relationship include past, present and future policies; success and frustration; change and stagnation; and ambition (speed) and patience (slowness).

Past policy reforms. Almost all National Forum members point enthusiastically to the impressive list of accomplishments the National Forum, in their perception, has achieved in a few short years. They

celebrate and are buoyed up by recent past successes which they attribute to the National Forum.

"Taxes have gone down and revenue jumped to \$720 million from \$60 million -- 12 times higher. This year, 1996, the Uganda Revenue Authority will collect \$589 million. All of the government's recurrent expenditures will be covered by taxes."

"URA has started to be more pro-people. They talk to people. Now there is more tax education. Before, only custom officials had tariff books. Now there is more transparency. Now, the people know."

"We have tried to liberalize national monopolies such as the Ugandan Electricity Board, National Water and Sewerage Corporation, Uganda Posts and Telecommunications Corporation. Even if they are not broken up, they are more responsive now."

"We have pressured the Export Promotion Authority to make Uganda more attractive through the creation of industrial estates and EPZs."

"From the Human Resource Development Working Group recommendations, the Institute for Chartered Accountants has established a regulatory body to verify the qualifications of accountants. The Parliament has legislated that a Manpower Council should be established in the government."

Present policy reforms. At the same time, many are hard at work in the Working Group at policies that are currently under lively debate now, in the present. The perceived importance of these policies keeps them engaged as enthusiastic supporters of the National Forum. They are still hopeful that change will come along.

"In Country X, the private sector is encouraged to make investments in infrastructure and to deduct it from its tax bill as an investment. . . . I want to have the government let the private sector recoup its costs of utility hook-ups by taking a tax credit or credit in-kind."

"We are not interested in what we did well in the past. We want to know how to make the National Forum better in the future."

At the same time, others are frustrated by the slow pace of policy reform, especially after the stunning debut the National Forum experienced as a policy change maker. Some issues get bogged down in endless debate. Other reforms take place on paper only. Still others never surface at all and appear to be cloaked in government secrecy. For a while, they will hold out hope that greater policy implementation can occur if the National Forum is rejuvenated. But how to rejuvenate the National Forum? And how long will these members hold out before they lose interest?

"In the area of financial sector reform, bankers didn't want to raise the capital base requirement to \$1 million. The Ministry of Finance wanted to increase the capital base requirement. There was lots of debate.

"The Tax Appeal Tribunal was set up this year but remained on paper. It got no funding nor staff."

"Government doesn't want to discuss taxes. Government has not made a conscious effort to curb its expenditure. The annual budget is always a secret."

Future policy changes. Still others, probably the most ambitious and visionary, want to make massive, long-term policy, legal and institutional change immediately. Some are frustrated and some still hold out hope.

"We cannot afford to pay for 400 parliamentarians, 100 advisors, and 40 ministries. Ugandans need to see results on the ground from their taxes. "I am fed up and ready to quit." "I am resigning next year, it is hopeless."

"Savings organizations are so critical . . . the capital markets, the stock exchange . . . investment, mobilization of local savings . . . pension schemes. Money can enter and leave Uganda without restrictions. Investors can come in. But we need local people to play a role. Saving schemes need to be promoted so that Ugandans can participate in the capital markets. We need to expand the role of the National Social Security Fund. It needs to become really national and extend much more broadly. We need a Unit Trust for the stock exchange. . . ."

"Malaysia has its "2020 Vision." Uganda should have the "Pearl Vision." We need to organize a national vision of ourselves that all Ugandans have built and own."

Conclusions. The past has created high expectations among the Forum's membership for rapid policy change in the future. These expectations for change may need to be brought into line with what is possible in the present. Some policy change objectives will likely take years to realize under the best of circumstances. The National Forum may lose some members unless it can persuade them that small reforms will accumulate over time into the major changes they feel are needed. The National Forum may need a strategy and procedures to "incrementalize" massive change into a series of small incremental reforms. Some members will need to understand that "the only way to eat an elephant is one bit at a time." They need to learn patience.

3. Members' Perception of the Problem

In spite of the many roles played and the past achievements of the National Forum, there is the general

feeling among many, but not all, that the Forum does not occupy the place it used to have. These feelings tend to present themselves in various forms, but generally the National Forum is in a slight *malaise*.

Increased difficulty in policy change. Some feel that the job of implementing policy is getting more difficult. These members believe that in the early days when the Forum started, issues were easier to identify, consensus was easier to achieve and adoption was easier to obtain from the government.

"The easy policy changes are already made. We need to take a closer aim at a focused program, need to adopt new ways to work."

"The nature of the problems we are dealing with now are complex, multi-leveled, requiring coordination and a private sector perspective."

Decline in policy implementation. The critical proof of the National Forum's success is its ability to get policy reforms implemented. One of the major concerns is the perceived decline in the number of policy recommendations made by the Forum which are implemented by the government.

"The National Forum's major weakness is that there is little action on the implementation side. In subsequent years, the National Forum continues to discuss the same things because they have not been implemented."

"For example, in 1994, we made the recommendation to restructure the "Financial Institutions Statute." Nothing was done. We recommended guidelines providing provisions of bad loans. Nothing was done. This year a consultant came and made the same recommendations. Nothing was done."

Decline in momentum and increased frustration. The overall effect is the sensation that the Forum is losing momentum . . .

"The National Forum has done what it could and is running out of steam. It started with a lot of enthusiasm. That enthusiasm has waned."

"The first National Forum was good, but successive ones have declined in impact. There is no serious attention from the government. They continue to go with their program. The World Bank has picked some of the issues up."

. . . and frustration is on the increase.

"I am so fed up. I want to give up. No matter what you write, no one seems to read it anymore."

Feeling of powerlessness. Many members feel that the only power they have is their own personal authority.

"We rely entirely on influence. Its takes a lot of effort to get a very incremental results. Responsibility without authority. They expect too much out of a group of people trying to be good citizens."

"The National Forum has no authority. We cannot make anyone do anything. Individuals can get jaded. What can the Forum make happen if there is opposition or disinterest? The emperor has no clothes on. I have to spend so much time smoozing. That's all I can do."

Decline in attendance. Given the increased difficulty it is not surprising that some members perceive a decline in attendance or perceive attendance being delegated to more junior members. If few policies are implemented, the annual policy agenda stays the same and soon becomes boring.

"The Forum has become a talking shop. No point to come and talk about the same issues year-in and year-out."

"We are meeting but not getting anywhere. No action took place. The different Working Group members are not always there."

"These days, I am too busy at work to attend the meetings. I am not as active."

"I will resign in December. I don't want to waste my time."

Increased "competition" from other organizations. At the same time fewer policies appear to be implemented, there are a larger number of organizations and projects which compete with the National Forum trying to implement them. Some of these, like the Private Sector Foundation -- funded by the International Development Association (IDA), the Government of Uganda and the private sector -- are the off-spring of the National Forum. Others, like the Private Sector Development Program funded by the UNDP, are trying apparently to replicate the Forum's successful model of operation.

"Everyone had discovered the value of holding a dialogue from an informed perspective. Now so many players are jumping into the policy arena. The UNDP has modeled an effort after the National Forum. It has used the same committees, and the same people."

"The PSF, the UNDP and NPA could create confusion and dilute the effectiveness of the National Forum. We need to rationalize different institutions. We need one central place to link the private sector. If not, it results in duplication of resources and conflict."

Now we are in transition. How do we assure that the National Forum is not interrupted and continues to bare fruit? There is lots of duplication."

"The Forum and the Private Sector Foundation? How to draw a line between the two? It is not clear in my mind. If the National Forum decentralizes, shouldn't it work more hand-in-hand with the Chamber of Commerce. But the National Forum is more effective at lobbying."

Overload on members' time and energy. The increased competition among organizations results in an increased competition for the members' time and energy which can lead to membership burn-out.

"The competition can cause lack of focus. How do we get the UNDP to add value to what we are doing and to avoid confusion. We could end up with too many groups, too many meetings, overlap of individuals, no progress, exhaustion and fatigue."

"I have been a member since inception. With the creation of the Private Sector Foundation one wonders where one is? . . . in the Forum or the Private Sector Foundation? How should issues be addressed?"

Conclusions. The members perception of the problem points out an important relationship between the different components of the problem. Namely, as the government implements fewer of the Forum's recommended policy changes, they tend to perceive that hope decreases, frustration increases, institutional momentum decreases and attendance wanes. Conversely, when the government implements more Forum-recommended policy changes, members perceive that hope increases, frustration is reduced, momentum increases, members experience an increased feeling of power (or empowerment), and attendance is more intense. The perceived linkage between the success of the National Forum and implementation of policy changes by the government in this way is a dangerous connection to make. It places the register of success in government decisions which are out of the control of the National Forum.

The National Forum needs to measure its success on variables which the Forum can control. A number of these will be identified in a minute. One such area, as mentioned above, is the identification of new, key policy areas. For example, it is self-defeating for an organization to believe that "all the easy reforms have already been made." Such a belief precludes any attempt to identify new policy issues. Taken to an extreme, it pits the Forum against government (particularly implementing line agencies) and may threaten to replace dialogue with confrontation.

Competition from other policy related organizations should trigger improvements in the National Forum as an organization without distracting it from its leadership focus.

4. Members' Relationship to Authority (Power)

When all topics from over thirty interviews are sorted, members talk predominantly about how to get more policy recommendations implemented. Although the word was rarely mentioned, central to everyone's discussion is the notion of POWER.

Everyone knows implicitly that you have to have power and authority to implement policy change in Uganda. But National Forum members differ somewhat when it comes to identifying from which source that power might be derived.

First there is the power that comes with a strong contact with the highest levels of government. Unparalleled among these is, of course, the direct endorsement by the President as happened in the past. Next best is the endorsement for policy change from the Prime Minister and Cabinet, followed by the Ministry of Finance, Ministry of Economic Planning, the Parliament, the potential power that the National Planning Authority might have and lastly the line ministries. The latter organizations are usually where the change in policy and institutions needs to be focused.

Outside of government, Forum members perceive that newly emerged business associations can be influential lobbyists and that the international donor community has also lobbied for years for policy change with some success. Looking closer to home, the quest for increased power, has caused the Forum members to look at the structure and working methods of the National Forum, its composition of membership, soundness of ideas, the power inherent in developing good policy issues and a clear program focus to keep up a strong attendance and membership adhesion (which is the sine quo non for power).

Looking inward, Forum members also question whether the "small, loose, informal" nature of the National Forum which was always thought to be its strength needs somehow to have an more authoritative identity. By what authority does the National Forum recommend policy reform? Lastly, a few mentioned the Ugandan people as an emerging source of power.

The Power to Change the Line Ministries. At the heart of the problem is that the National Forum, in the perception of its members, does not have any authority to impose changes on the line ministries where most of the economic, institutional and regulatory changes need to occur.

"But the National Forum has no authority. We cannot make anyone do anything. What can the forum make happen if there is opposition or disinterest?"

"People are ready to cooperate in a public/private partnership. Even the head of state has been supporting it very strongly. Some ministers might feel that we are taking away their power or fear we are interfering. But the central support is very strong."

"We feel that the main problem at this stage is implementation. Why? I think there are several reasons: First is because the civil servants are so poorly paid that few of them

put in a full days work. Second is that some senior officials are not really qualified for their jobs. These go back to previous regimes. The regulations for removing people will not allow dismissal. Third, is that we are restrained by the resources available to undertake the programs. Consequently, the implementation of policy is slow, frustrating and we have a serious bottleneck in that area."

A Delivery Point in Government. Absent that authority, many members wonder how the National Forum can develop a place in the government where the Forum's policy recommendations can be "delivered" to government. That delivery point, in their view, needs to have enough authority to process directives to the line Ministries and others who will required or forced to implement these recommendations.

"We need to have a way of sanctioning people for not taking the advice of the National Forum."

"To make policy change, you need a constant flow of ideas. Once you have that, you need a formal contact in government."

The Power of the Presidency. In the past the President himself served to some extent as that delivery point in government. In previous years, he then personally followed through with directing line ministries to make policy changes. The results were immediate and gratifying.

"Two years ago when the National Forum recommended the formation of a Minister of Privatization and the President was there, it occurred within two weeks. Also when the National Forum recommended that the Ministry of Finance and the Ministry of Economic Planning be merged, that merger was done immediately. Because the president was there."

"If you can link up to what the President wants, it goes through. It is only the President who can call the shots and to get people to act. When the President attends everyone attends and policies are changed fast."

"In less developed countries, the President is everything. If you can link up to what the President wants, it goes through."

"If the President is involved in the National Forum, there will be policy reform."

The difficulty occurs however when the President does not attend, does not get involved, loses focus or does not follow up on the policy recommendations.

"The president has been losing his focus on the economy and on policy matters. He is

now looking more at foreign policy and other questions."

"The President lacks a follow-up system to track what should be done, who is do to it and when.

"The president has no interest in what the forum is telling him."

The Power of the Prime Minister. Another source of power is direct policy change is the Prime Minister's office.

"Now recommendations from the National Forum goes to the Prime Minister. The Prime Minister prepares a cabinet paper which goes to cabinet. From cabinet, the policy can be implemented by the administration or, if a bill is needed it has to go to parliament. The link between parliament and the cabinet is very strong. It will make the directive work."

"How to deliver policy change to the government? We need to deliver it directly to the top of the country. We present reports to the President or the Prime Minister. In Uganda, the president is everything. He needs time off to discuss issues, visit the forum. But why are we sending reports if nothing gets done. Some issues have gone to the Ministry of Finance, Ministry of Trade and Industry, but the Ministry of Trade and Industry has no budget to do anything. Can we get on the agenda of the President? Or not even the president, but the people who can get things done?"

"The National Forum needs more formal meetings with the Prime Minister and the President, but especially the Prime Minister on a quarterly basis. Annually is too long. The chairman of the National Forum should represent the National Forum at these meetings. The National Forum should recruit the most influential people to approach the Prime Minister."

In fact a lot of the interviews with the Forum Members contained a number of administrative arrangements consisting of chairpersons, secretaries, and committee meetings which would link the National Forum with the President, the Prime Minister sometimes through or in parallel with the National Planning Authority and Cabinet and the Parliament. These ideas all had the common features of targeting a point in government where policy recommendation could be delivered and where that point would have the necessary authority to direct parts of the government to implement those recommendations.

The Power of newly Established Business Associations. Some members perceive the important role that newly emerging business associations can play in lobbying for policy change.

"Recommendations from the National Forum could be followed up through the PSF to the relevant associations. The PSF can approach government at its level while the individuals associations can approach government at its level and the National Forum Working Group can approach it at its level."

"Policy implementation is the responsibility of individual business organizations and the PSF to actively lobby the government. Ministers have now realized that good policies can come from the private sector. They are learning but they cannot change overnight. Follow-up should be made by the individual business associations and now the PSF as it gets established."

The Power of Information. Other Forum members look inward to the National Forum itself as the source to generate power. Some of these individuals believe that the National Forum needs to engage in more in-depth research.

"At the end of the day, the Forum should continue to play the role of a lobbyist and adopt a more research orientation to influence policy. I believe in making decisions based on information."

"The nature of the problems we are dealing with now are complex, multi-levelled, requiring coordination and a private sector perspective. If recommendations cannot be implemented because of constraints of government, the National Forum needs to be able to debate and rebut the arguments."

The Power of Key Policy Identification. Others feel that the power of the Nation Forum is found in the identification of good policy issues.

"Now we have a matrix with all kinds of things on it. We need to know what are the key problems. If you can solve those problems you solve the others at the same time. This is the cherry-picking that is needed. So that people come to the meetings, make phone calls, they value. It has quick and immediate value."

The Power of a Broad-Based, Informal, Loose Organization. Some others allude to the fact that perhaps the strength of the National Forum is in its loose formation, free speaking institution.

"Its a loose club. We have no status. But if we formalized, would we lose it?"

"The National forum is an loose organization. That is a great advantage. The National Forum is loose. People attend by invitation. Private Sector Foundation members pay shares. Members must belong to an associations and buy shares."

Others feel that the most important source of power for affecting policy change comes from the participation of its membership who, by their broad diversification, represents the population at large. They believe that the Forum's membership closely aligns "members" and ultimate "beneficiaries" of policy reform. This gives the National Forum unique potential for power and influence. Particularly, if viewed from the perspective of the Government of Uganda.

"The receiving end on the other side -- the government -- wants to make sure who the players are . . . that policy recommendations are not just the idea of one small group of individuals. They want to make sure that what we lobby for the members comes from the beneficiaries."

The Power of the Ugandan People. Still others see that the Ugandan people are changing slowly. They are beginning to acknowledge that they have rights and are in some cases beginning to "prod and pester" to get those rights.

"Ugandans are more concerned about their welfare than before. Once we know what we can get, we start pestering. More than ever, people are starting to demand their rights."

Conclusions. Most members clearly feel that the quickest and most effective way to make policy change is to have the President directly endorse and implement policies as in the past. Short of that, another effective way might be to have some point in government where policies can be delivered for implementation. However, beyond that, members have identified and discussed on their own a wide range of other options to exert pressure to implement policy on line ministries. These include collaboration with business associations and foreign donors, conducting more in-depth research on policy issues, looking at new key policy areas or mobilizing mass public opinion.

The notion that the National Forum aligns ultimate policy beneficiaries with its membership is another dimension of and validates the conclusion from the previous analysis that the Forum attempts to create a microcosm of the economy. An organization that approximates the representation of the economy at least with some degree of success would also be expected to align members and citizens -- ultimate beneficiaries from good policy changes. This notion also points to the important role that the National Forum can play in relationship to new and existing business associations, whose membership represents even more narrowly focused interests than the Forum's.

III. RELATIONSHIP BETWEEN THE NATIONAL FORUM AND OTHER POLICY-RELATED ORGANIZATIONS

This section will look at other policy related organizations. Almost all of these have emerged since the National Forum was created. It will then compare the National Forum to these organizations and outline the differences and complementarities between these various organizations.

A. PRIVATE SECTOR FOUNDATION FUNDED BY THE IBRD

1. Description

The Uganda Private Sector Competitiveness Project (PSCP), whose total estimated cost is \$20 million, commenced in 1995 financed through an IDA grant of \$12.3 million and funds from the Government of Uganda, the International Finance Corporation (IFC), and the Ugandan Private Sector. The purpose of the PSCP is to make the Ugandan private sector more competitive so as to increase internal investment and returns on investment and to increase sales, especially through export sales.

The PSCP consists of the following four components:

The **Private Sector Foundation (PSF)** was created as a company by guarantee in 1995. The members of the PSF are business associations and private sector organizations who advise the GOU on policy issues affecting the private sector through dialogue. The PSF will advocate on issues affecting private sector development, provide short term technical assistance and build support for the GOU's economic policy strategy needed to sustain it over the long term. Additionally, through its implementing unit, the PSF will establish management systems to execute, monitor, supervise, and evaluate project performance on an open and inclusive participatory basis. Lastly, the PSF will encourage business associations to improve the quality of their membership services and enhance their overall image.

The **Business Uganda Development Scheme (BUDS)** is a program to increase business practices of Ugandan firms. Under this scheme Ugandan firms will share 50% of costs incurred in using consultants and other service suppliers. In addition, BUDS will provide general advice to firms on business planning and the effective use of consulting and business services. BUDS is managed by a consultant on behalf of the PSF.

The **Uganda Equity Facility (UEF)** provides equity to qualifying equity funds to reach large, medium and small sized enterprises. The UEF will involve the IFC as a shareholder and will also fund the provision of advice to improve the overall environment for equity financing in Uganda.

The **Investment Promotion and Facilitation** supports the UIA in its activities to promote and facilitate investment. Other supportive services to be provided by the UIA under separate funding include local enterprise development at the district level, advertising and public relations.

The PSF is a confederation of associations broadly representative of the Ugandan formal sector. It is directed by a seven member Board of Directors, including the Executive Director (Sam Rutega, a respected Ugandan senior civil servant who played an instrumental role in the establishment and success of the National Forum). Overall coordination is through a Project Steering Committee comprised of three members of the Board and two senior GOU representatives.

Member Associations are of two types: ordinary and associate (which are smaller associations). Members pay a membership fee in a ratio of five to one for ordinary and associate members, respectively.

The PSF will help in institutionalizing the process of public-private sector policy dialogue in Uganda by working with related Nos and strengthen the consultative process of the National Forum.

A review of its current membership of 22 business associations reveals that the PSF represents a broad array of formal business interests in the Ugandan economy.

2. Similarities with Other Business Confederations

The PSF is similar to other business confederations. Some examples of these in Africa and the United States might include the following:

The **South Africa Foundation**, very much akin to the PSF among African business non-governmental organizations, advocates the interests of large (much larger) business before the South African Government, the South African public and the international business community. Similarly, Japan Kandaren provides a unified voice in the promotion of pro-business policies by the Japanese Government.

The **Botswana Confederation of Industry, Commerce and Management (BOCCIM)**, like the PSF but on a smaller scale, formulates consensual strategies to lobby the Government of Botswana to adopt pro-business economic policies in such areas as trade agreements, taxation and investment promotion.

The **National Association of Manufacturers**, in the American context, represents a diverse array of U.S. companies and sometimes serves as an umbrella for smaller associations on issues of common purpose such as NAFTA or reduction of export controls.

At the local level in the U.S., the PSF resembles **various initiatives** forged between the private sector and major cities for foster development strategies in urban centers.

3. Comparison with the National Forum

The PSF is still very new and is still defining its program. It seems to have set up a series of committees fashioned somewhat along the lines of the National Forum Working Groups. In spite of whatever similarities may exist between the PSF and the National Forum, the PSF has a fundamentally different vocation from the National Forum. The National Forum is made up of knowledgeable individuals who speak their own minds and participate voluntarily. The PSF is composed of business associations who pay through membership fees for the PSF to represent their common views. Representatives of business associations which participate in the PSF are paid to represent the positions of the associations they represent. The PSF in return has accepted membership fees to present the views of their member associations.

To the extent that the National Forum and the PSF share the same membership, they may both compete for the same opinion leaders to participate in its functions. In theory, the same people could participate in both and play different roles: a business association leader could speak his own mind at the Forum and represent the views of his business association at the PSF. In practice, however, there are only so many hours in the day and business association leaders will probably have to decide to attend either the Forum or the PSF.

The National Forum can work complementarily with the PSF by sharing information coming from its deliberations in the Working Groups and the Annual Conference. The PSF may be interested in lobbying some of the policy issues the National Forum has identified. It may also upon occasion want to serve as kind of clearing house to channel policy issued from the Forum to its association members who might be the more appropriate lobbying force for that issue.

B. UGANDA PRIVATE SECTOR DEVELOPMENT PROGRAMME FUNDED BY THE UNDP

1. Description

The Private Sector Development Programme, among its other activities, is engaged in the development of a national strategy and plan of action for the private sector. The United Nations Development Program (UNDP) has funded the PSDP since its inception in November 1995. The PSDP emphasizes a participatory approach that involves a series of on-going consultations with major stakeholders.

The PSDP has a sector specific focus, with lead agencies identified for each sector, for the following areas:

Agriculture (Bank of Uganda, Agriculture Secretary's Office)
Manufacturing and industries (Uganda Manufacturing Assoc)
Tourism (Uganda Tourist Board)

Financial sector (Bank of Uganda, Development Finance Office)
Informal, micro and small enterprise sector (No lead agency identified to date)

With the exception of the Uganda Manufacturing Association, the other lead agencies are public sector entities. As part of its consultative process, the PSDP has an elaborate organization structure in place. Lead agencies have an advisory committee which is made up of members of relevant organizations and prominent members of relevant organization for that sector, NGO's, and government representatives. The Advisory Committee has the responsibility of organizing sub-sector focus groups who provide specialized expertise in different areas of the sector, i.e., legal, technology, financial capacity building, etc. These focus groups are usually led by an advisory Committee member, and they are in large part responsible for the formulation of the sectoral strategy. The focus groups for each sector have regular meetings and there is an effort to include wide geographical representation.

To date, the PSDP has prepared sectoral strategies for each sector identified above. These sector strategy papers were presented at a Conference held in Kampala in January, with the aim of building consensus amongst all stakeholders. Sectoral strategies have been combined to form a National Overall Private Sector Strategy Plan of Action incorporating all sectors which were discussed by the task force. Part of this National Plan of Action was presented at the last Presidential Forum held in December in Mukono.

Presently, the PSDP has made contacts with the National Forum, the Private Sector Foundation, with the view to making all the stakeholders work together in the development of the private sector. A Memorandum of Understanding signed between PSDP and the Private Sector Foundation will be the basis of this collaborative approach to future actions of the National Forum, Private Sector Foundation and PSDP.

The PSDP strategy will be implemented in the next three to five years. The implementation strategy is expected to be a multi-donor effort. While the costs of the total strategy are not available, some estimates place them in the neighborhood of US\$36 million.

2. Comparison with the National Forum

The PSDP will not compete directly with the National Forum, although most of the members of the National Forum -- especially those in Forum Working Committees -- are the ones who have been contracted by PSDP to work on strategy papers. It is unknown the extent to which these members have to choose between participation in the National Forum or the PSDP when taking over the contractual obligations with PSDP. An important difference is that the PSDP arrangement is more remunerative.

Working on contract for the PSDP, however, does not confer membership to these individuals. They have an employee/employer relationship with the PSDP. By contrast, members of the National Forum

participate exclusively as individuals who are invited in the personal capacities and their recognition that they have something to contribute to the furtherance of private sector interest. Members of the National Forum are treated like part-time directors or committee members. They are only paid a sitting allowance.. As we have seen, National forum members have a strong attachment and sense of ownership of their organization.

Another important distinction between the Forum and the PSDP is the role and scope of donor participation. In the case of the Forum, USAID support is limited to funding and advisory services. In contrast, the PSDP is a UNDP Project. Equally, whereas the members of the Forum ultimately decide on policy programs and issues they think are in the interests of private sector, those working for the PSDP are consultants with a contractual relationship with their client. The ultimate policy program is determined by the client, UNDP, which may or may not necessarily be the same policy program as the recommended by the consultants working with the project.

The PSDP will complement and supplement the efforts of the National Forum, since in most cases it institutes research and produces strategy sectoral papers from consultants that are contracted by UNDP to work on specific project assignments. Most members of the National Forum do not see any conflict arising from the existence of the PSDP. They mostly feel that this is another effort to lobby Government towards policy change which is constructive and welcome. In any case, Forum members realize that PSDP is a project whose life is dependent on the UNDP Country Program for Uganda.

C. NATIONAL PLANNING AUTHORITY REQUIRED BY THE UGANDAN CONSTITUTION

1. Description

Section 125 of the Ugandan Constitution directs that Parliament shall create a National Planning Authority (NPA). Under the transitional provision of the Ugandan Constitution, the current session of Parliament must enact legislation in fulfillment of this Constitutional directive. Furthermore, in order to effectuate the enactment of any subsequent legislation, Parliament must repeal Law 320 of 1962 which created a similar body.

Although it has been suggested that the NPA was the creation of the National Forum process, a review of the three annual National Forum reports does not reveal the articulation of such a recommendation. Rather, it appears to have its origins in the constitutional commissions. The objective of the NPA is not defined in any report or study.

2. Potential Relationship with the National Forum

Further definition of the National Planning Authority will depend on the Government and Parliament. In the absence of any further clarification at the moment, all that can be said as to the future of the NPA is

what was gathered from the interviews with some members of the National Forum. Most of them recommended that:

- < The NPA should act as an advisory body to the President and report directly to him;
- < The President should be its Chairperson (or, in the absence of the President, the Vice President should chair);
- < The Private Sector should provide
- < The total membership should be between 10 and 25 representing all key economic sectors and ministries; and
- < It should have a secretariat housed either in the President's Office or in the Ministry responsible for Planning and Economic Development.

There is still only speculation as to the role and scope of the NPA. Most everyone believes that with the establishment of the NPA, the newly recreated Ministry of Economic Planning would be redundant. Others suggest that the most practical thing to do would be to convert the Ministry into the NPA and thereby fulfill the constitutional requirement. Still others are of the view that it should be fashioned after the American President's Economic Council of Advisors. The majority hold the hope that the NPA might be or might become that point in government where policy recommendations of the National Forum will be received and followed up to assure policy, legal, institutional and regulatory changes among the line ministries. Whether these suggestions will be implemented or not, like the NPA itself, remains unclear at this time.

D. LAW REFORM AND DEMOCRACY & GOVERNANCE PROGRAMS

1. Description of the Law Reform Component

The Law Reform Commission (LRC) was established in 1991 and is a Constitutional Commission designed to improve the legislative and judicial environment in Uganda. The LRC, which began in earnest in 1993, is funded under the Law Reform Component of the Institutional Capability Building Project by the World Bank, DANIDA, the U.K.'s Overseas Development Assistance program, and the GOU. The LRC is headed by Justice Harold Platt and a six member Board and coordinates its activities with the Law Revision Commission, a Statutory Commission funded by USAID which will harmonize statutory and constitutional law in Uganda. The LRC submits its recommendations to the MOJ but retains independence in the issuance of reports.

In accordance with its five year plan, the LRC seeks to improve the legal environment in Uganda in four key areas: (1) domestic relations, (2) penal reform, (3) commercial law, and (4) Constitutional matters. Due to the political environment which followed independence, it is estimated that more than 300 laws need revision, amendment or to be repealed. Bids have been received for the completion of an extensive review of Ugandan law which will encompass 30 existing and 10 new statutes which will be undertaken from March through October of 1997. The LRC will also conduct an appraisal of

contracts and tort law in Uganda during this time. The GOU intends to undertake a broad consultative process at the completion of this project. A separate review of Treasury Law will also be undertaken by the UIA under World Bank funding.

2. Description of USAID's Democracy and Governance Programs

USAID has provided ongoing support for Ugandan economic and political reform through its Democracy and Governance Programs. As currently envisioned, this new program will consist of the following four components:

Judiciary Component. Uganda's justice system suffers from inefficiency, minor corruption, and incompetence. Although these shortcomings impact the breadth of Uganda, the failure of the justice system especially impedes business growth and foreign investment due to its lack of credibility, predictability and imposition of excessive transactional costs due to over regulation, corruption and lack of transparency. In an effort to address these inherent weaknesses in the judiciary, USAID will fund efforts to codify all laws and regulations promulgated since 1966 (the date of the last codification) through the Law Reform Commission. USAID will also support the provision of technical assistance in the resolution of myriad conflicts between legislation, regulation and the constitution. By harmonizing the legal business environment, greater predictability will facilitate Uganda's contractual framework and foster increased foreign investment. For example, the absence of equipment leasing in Uganda is a direct result of the inability of banks to obtain enforceable purchase money security interests in leased equipment.

Parliament Component. USAID will undertake initiatives to provide training to Parliamentarians in procedural and substantive areas and establish a parliamentary research office. These efforts should increase the capacity of Parliament to understand the implications of laws effecting business practices and foster the system of checks and balances with Uganda's Executive and Judicial branches of government.

Local Government and Decentralization Component. Many Ugandan business people expressed concern over the regulatory and administrative capacity of local government officials and the growth of corruption at the local level. These concerns have become heightened due to the stated objective of the GOU to enact measures to decentralize government administration. In order to increase effective local legal and administrative enforcement and political efficiency and accountability, USAID will initiate programs to train local officials in planning and budgeting practices and provide incentives to hold local officials financially accountable.

Media and Public Oversight Component. To foster public oversight and pressure, USAID will support local business organizations and media. Moreover, to ensure that the Ugandan media can operate in an environment of openness absent of retribution or censure, USAID and the U.S. Embassy will undertake an effort to reduce the negative effect of sedition and libel laws and conduct training

programs to increase media professionalism and competence. Such measures are designed to have the cumulative effect of increasing transparency and decreasing corruption in Uganda's business regulatory environment at the local and national levels.

3. Relationship with the National Forum

The National Forum should investigate any complementarities between its policy recommendations and activities with the LRC and USAID's Democracy and Governance Programs. Almost all, if not all, policy issues identified by the National Forum have their basis in law. All the institutions which the National Forum is interested in reforming are legislatively created. To enact the policy changes the Forum is calling for requires clarification and updating of existing laws and drafting new laws.

E. THE AGRICULTURE FORUM

1. Description

Recognizing that the agricultural sector is the main contributor to the economy, the Agricultural Forum was established in 1995 to assure that the sector's needs are brought to the attention of policy-makers. The Agriculture Forum was the initiative of USAID along with the Ministry of Agriculture (GOU). At present, the Agricultural Forum consists of approximately twenty individuals who meet bimonthly for roundtable discussions. They also plan to hold an annual National Forum on agricultural policy issues.

The Agriculture Forum's objectives are to (1) increase communication amongst different groups concerned with agriculture policies, (2) identify and analyze critical issues facing agriculture, (3) better coordinate amongst different actors involved with this sector, and (4) seek solutions and action plans for a national agricultural sector policy.

The Forum has identified several priority areas and has organized task forces to examine issues and present their findings at a roundtable discussion at the Agricultural Forum. The first task force has been formed to analyze the problem of increased availability of agricultural production credit. The next task force will prepare a paper on agricultural marketing. In general, there will be six task forces a year, and bi-monthly meetings of the Agricultural Forum at which time these papers will be discussed.

The meetings of the Agricultural Forum are attended by representatives from donor agencies, including USAID, FAO, DANISH, UK, PVO's/NGO's; the Ministry of Agriculture; research organizations, and the Co-op Bank.

The Agricultural Forum executive committee consists of a Chairperson from the Commission/Agriculture Planning, Ministry of Agriculture; a Vice Chairperson from USAID; a Secretary from USAID; and seven Executive Committee members, with one each representing interests in agri-business, donors, government, NGOs (both international and local), agriculture specialists, and

farmer representatives.

As a relatively new organization, the Agricultural Forum has yet to convene a meeting of the Executive Committee. The expressed plan of action is to inform the Minister of Agriculture, the Hon. Dr. Speciosa Wandira Kazibwe of the Agricultural Forum's activities following the next general Agricultural Forum meeting in December 1996. The Permanent Secretary of Agriculture, Mr. Opika Opoka, has only been in office since August 1996 and therefore has yet to become an integral part of the Agricultural Forum's circle. The Agricultural Forum also plans on inviting high level officials from other Ministries, such as the Ministry of Planning and the Ministry of Finance, to the Agricultural Forum meetings.

There are no Permanent Secretaries or Ministers currently involved in the Agricultural Forum. Most members are from donor groups and universities and private sector representation is currently fairly weak. The Agricultural Forum does not currently have a secretariat or any funding support. The effort has been troubled by logistical and coordination problems. Participants have noted poor attendance and delays in convening on scheduled meeting dates. Representation in the Agricultural Forum is primarily made up of Kampala- and Entebbe-based groups.

2. Relationship to the National Forum

The Agricultural Forum has not gotten off to a very strong start and currently does not seem to compete with the National Forum. The National Forum has recognized that the agricultural community has not been adequately represented in its composition. When the National Forum has better representation in agriculture, it will be seen whether or not, and to what extent, there is still a need for the Agricultural Forum. Otherwise, the Agricultural Forum will resemble the National Forum but specialized in agricultural issues. That resemblance is greatest perhaps in the Agricultural Forum's organizational structure. However, the way that the Agricultural Forum selects its members is clearly much different from the National Forum selection process. This difference will result in a lasting difference in the nature of the two organizations.

Conclusions. The main advantage the National Forum has when compared to other policy-related organization is that it is based on individuals, who by coming together and speaking freely, create the most broad-based interest group in Uganda. Business confederations and business associations, like the PSF, the Chamber of Commerce and UMA can only represent the widest level of interest its membership can define.

IV. WHERE DOES THE NATIONAL FORUM GO FROM HERE? (RECOMMENDATIONS)

This section of the report presents some strategic directions the National Forum can pursue to bring about policy reform and better deliver policy change. The strategic options are illustrated with examples taken from international best practices for promoting policy reform in countries with conditions similar to those in Uganda. Each option or approach is mutually reinforcing. Progress in each area will hopefully enhance the overall influence and effectiveness of the National Forum.

Strategic recommendations include the following:

- < Building a better microcosm of the economy to represent better ultimate policy beneficiaries.
- < Identification of new areas for policy reform to maintain its leadership in policy matters.
- < An action program to encourage policy implementation (as an adjunct to the Forum's proven capabilities in policy articulation, formulation and monitoring).
- < An autonomous institutional structure to allow access to grant funds and to collaborate with all business associations on an equal footing while maintaining its time-tested "loose, informal" mode of operation.

A. BUILDING A BETTER "MICROCOSM" OF THE ECONOMY

If one accepts the notion that the National Forum's structures and processes create a kind of microcosm of the Ugandan economy, it follows that the better the microcosm, the better the policies formed in its crucible. The National Forum should consider giving greater thought and attention to building a microcosm that is truly reflective of the national economy and benefits the ultimate policy beneficiaries. This probably includes greater representation of farmers, traders, microentrepreneurs, small business people, a greater regional representation and a better gender mix. The National Forum should continue to carefully select articulate spokespersons in each of the new categories it feels it requires to build a genuine microcosm of the economy.

The recent difficulties of introducing the value added tax (VAT) in Uganda points out the value of formulating policies which can be smoothly implemented in the real life, real-time economy. While the National Forum's recommendations on the VAT question were well founded, one can speculate that the entire incident might have been avoided if more traders and if the commissioner of the VAT (who had been invited but declined to attend) had been participants in the Forum.

It also flows from this notion that the Forum management should respect the integrity of the National Forum policy making process. A policy recommendation issued from the National Forum should come

with an implicit "seal of authenticity" or "quality mark." It should mean that the policy recommendation has been thoroughly aired through the membership, the Working Groups, and the wise leadership of the Forum. It should mean that the people who live and know this problem deeply have fully considered all angles and aspects of the question. It therefore follows that the National Forum should only endorse and advocate policies which have gone through its processes. It should not try to give rapid response for policy advice to Ministries or other bodies, no matter how flattering the request, if it has not raised this question among its members. It should scrupulously protect itself from being placed in a situation by other organizations, including international donors, which might confer implied or actual endorsement of policy recommendations on the part of the Forum which were not articulated by its members and which were not formulated within its processes. To do so risks threaten the integrity of the National Forum policy making process and diminishes the authority of the Forum. A polite letter or fax briefly explaining the Forum's role and describing its rigorous policy articulation and formulation process might be an appropriate response.

A Truly National Forum: One way that has been suggested to create a truly National Forum is to restructure its membership to balance participation at the center with broad district level participation. For example, one way that membership could be restructured is to have at the center a National Forum group. The role of this group would be similar to the current Monitoring Committee. It would consist of about 20 people who would meet once a month at the "national level." The group's major purpose would be to refine, adjust substantive policy issues between regions/districts.

Working in tandem with the National Forum group, there would be four Sub-national Fora which operated at either the regional or district levels. Each one would consist of about 20 representatives. Given that there are 39 districts in Uganda, the eighty people in all four regional/district fora would translate into an average of about two individuals from each district. The regional/district fora would be comprised of businesses, farmers, micro-entrepreneurs, traders, local officials, and town elders on gender mixed basis. These fora would articulate and formulate policies at the local level from a local perspective. These four fora could also recruit outside expertise as is now practiced by the Working Groups.

At the end of the year, there would be the annual National Forum conference very similar in format to the current conference. It would consist of 100 participants members from all over the nation (20 from the National Forum group; 80 from the Regional Fora). The entire effort would be supported by the National Forum Secretariat which could have one Secretary to work with the National Forum central group and each of the four sub-national fora. The secretariat would have a director, who would be the secretary to the National Forum central group. Finally a National Forum Chairperson would direct the whole effort.

Such a format is a lot more than merely "decentralizing" the National Forum. The creation of a forum that represents a much broader based constituency can do a lot to attract top policy makers to the

recommendations the Forum makes. Additionally, it may regionalize the nature and subject matter of the policies formulated, maintaining the Forum's leadership position in policy formulation. It increases the authority of the National Forum by creating a better microcosm of the Ugandan economy.

B. IDENTIFICATION OF NEW, FRESH, KEY POLICIES

As we saw in the analysis of attitudes, many members feel that all the "easy policy changes have already been made." Consequently, taken to the extreme, consensus in the Working Committees is more difficult or can no longer be achieved and government can no longer decide. This mentality is self-defeating and should be strongly countered. This may also indicate that the topical focus of the Working Committees has progressed as far as it can and is beginning to get stale. The National Forum needs to look for new, fresh, key reform issues and find creative and innovative ways to address those issues. The chairperson and the National Forum secretariat need to define a program around the theme of finding new, fresh, key policy issues to counter the "all-the-easy-policies-have-already-been-made" mentality. The National Forum should carefully consider adjusting or modifying the topics of its Working Committees to accommodate new topical policy areas.

New Trends in Policy Reform: Trends in global development thinking on policy change have evolved significantly over the last decade and since the topical structures of the National forum were defined. In the 1980's and early 1990's, the enabling policy environment, largely under the leadership of the World Bank Group, was largely defined in terms of economic policy. However, the last decade's efforts in assisting formerly Communist transition economies has revealed that economic policy, although critically important, is only part of the story. The importance of legal, regulatory and institutional reform has been perhaps overlooked. The result is an approach which attempts to synthesize the role of law and economics policy to promote private sector lead economic growth.

Some of the basic principals of such an approach to legal, institutional and regulatory policy reform include (1) the right to own property, (2) availability of third party enforcement of contracts, (3) the right to declare bankruptcy, (4) the right to freely associate and the right to competitive politics, as a necessary conditions for effective and successful lobbying, as well as others.

One feature typifying this approach is the cross-sectoral impact of legal, institutional and regulatory reforms. For example, establishing the right to own and hold private property can free up even in extremely poor countries million of dollars in "dead capital" which can dramatically transform the financial sector through collateralization.

To undertake this search for new, key policy ideas, the National Forum needs to solicit help from international donors and business associations through technical assistance and outside observation tours to identify new key policy issues. The National Forum is ideally suited to identify policies from

both a legal and economic perspective by grounding these two isolated professions in the reality of the private sector.

C. AN ACTION PROGRAM TO INCREASE POLICY IMPLEMENTATION

1. Establish a Policy "Delivery Point" within Government

As we saw in the structural analysis, the procedure employed to deliver policy recommendations to the President leave him with a very short time to review policy recommendations before the conference. He is then expected to pronounce himself on which policies he will endorse or not endorse at the conference itself. There is nothing wrong with this procedure as long as it works to implement good policy decisions. Evidence indicates however that the policy decision-making process has become more complex due to the emergence of a number of policy-related organizations as well as other factors. Perhaps its complexity is no longer compatible with this rapid decision-making process.

Compared to many other countries, the National Forum has had a very easy time of it. Elsewhere it is very rare that any policy making organization would get the endorsement of the top decision maker and his personal follow-through to implement policy changes with such rapid turn-around. Usually, policy change is a much longer, more difficult effort. Even with top level support, progress is often measured in years rather than weeks.

National Forum members are very interested in ways that "more teeth" can be put into the recommendations which come from the National Forum. The register of success for the National Forum is the number and quality of policy recommendations that get implemented. The National Forum needs to have a point in government where Forum recommendations can be delivered and followed through to implementation. To put "more teeth" into policy implementation, the National Forum should attempt to establish a policy counterpart organization within the Government of Uganda where the National Forum could deliver its policy recommendations for implementation.

The Case of Ghana: One good example where such a policy counterpart has worked very successfully is in Ghana. Under the directive of the President of Ghana, an inter-agency committee was created and assigned responsibility for implementing policy recommendations. This committee is chaired by the Ministry of Finance and its membership comprises the Ghanaian Investment Promotion Council, the Ministry of Trade and Industry, and the Ministry of Transport and Communications, a private sector representative.

The inter-agency committee operates from a policy matrix, much like the matrix used by the National Forum. The committee meets as necessary. When implementation issues are active, the committee might meet almost daily. At other times, it meets perhaps once a month. From the matrix, the committee invites line ministries responsible for specific policy changes to sit before the committee to review the progress the line ministry has made in policy

implementation. An important part of this review is to use benchmarking techniques to achieve international best standards.

For example, one review meeting dealt with streamlining customs inspection and approval procedures. Clearing imported containers were taking seven days to clear the port largely because each container had to be unloaded and reloaded three times to undergo the necessary inspections. The global benchmark for the best international practice for clearing containers is 15 minutes. The inter-agency committee required in this case that the customs clearing officials meet the best practice benchmark on the African continent of one to two days.

There are a few key principles which have made this approach successful. First, the inter-agency committee sets the objective and forced the line ministry to push forward in performance. The line ministry is not instructed how it must solve the problem to meet the international benchmark. This forces the line ministry to develop its own solutions and thereby take ownership of the solution that it has developed. A second principle is to set what is called a "stretch objective." Usually government likes to make small, gradual, incremental changes. A key aspect of re-engineering processes is to set an objective in a way that forces adoption of an entirely new approach to the problem to result in a quantum leap change in performance, i.e., a "stretch objective." Finally, the inter-agency committee operates with certain incentives and disincentives to assist in changing performance. On the incentive side, the inter-agency committee can coax line ministries by funding perks to increase line ministry performance like specialized technical assistance, observation tours to other countries, specialized training sessions, computers and other equipment which directly relate to the improvements called for. Funding such incentives is perhaps an area where international donors might assist. On the disincentives side, the inter-agency committee has enough authority within the government to command respect from its other members.

In the context of the National Forum operations, the existence of such a committee in the Government of Uganda would greatly take up the burden and complement the Forum's own policy monitoring and follow-through procedures carried out by the Working Group.

2. Build Support through Policy-Related Organizations

The National Forum can reach out to and coordinate with a number of policy related organizations to work together to achieve common policy reform objectives. For example, when their interest align, the National Forum should work with the Private Sector Foundation, the Chambers of Commerce, other Business Associations, and donor funded activities. The Private Sector Foundation and other business associations can lobby government in parallel to the National Forum to amplify the lobbying effort.

The National Forum should view business associations as both partners and clients. Clients in the sense that business associations can benefit from knowing what is going on in the Forum. Partners in the

sense that the business associations and the National Forum will often want many of the same policy issues. The National Forum should be of service to all business associations. It provides a frame of reference from which business associations can see how the policy issues its "members" want align with the "ultimate beneficiaries." Business associations need the National Forum to temper their policy recommendations and ground them in broad-based, long-term public policy.

Donors can also be clients and partners to the National Forum. In line with the recommendations of the National Forum's deliberative process, the Forum should work with donors to encourage them to undertake in-depth studies useful to the Forum. Donor-funded activities in policy change, some of these working in the Ministry of Finance and line ministries, can fund studies on specific policy issues articulated by the Forum to elaborate and assist government to think through the detailed economic and institutional implications of implementing policy change.

The National Forum should relate closely to the various legal reform efforts currently on-going. Many, but not all, policy reforms will require clarification or modification of existing laws.

3. Track Past Policy Successes and "Incrementalize" Future Large Policy Reform Efforts

As was seen in the analysis of the members' attitudes to the National Forum, many members are growing increasingly frustrated with what they perceive to be the slow process of policy implementation. As a measure to counter frustration, the National Forum needs to add to its matrix the results (what policy was changed and when) of its policy reform efforts. The Forum also needs to dissect and reduce to a series of smaller steps some large difficult reform efforts so that small increments of progress can be tracked. An example of incrementalizing policy change follows below. These two measures can be critical to show members gradual progress required to ward off mass frustration that can occur when long time periods separate major policy victories.

4. Build Support through Policy Change Beneficiaries

For line ministries to change their policies and reform their procedure will require, in some instances, greater influence or pressure than what can be assembled within the Forum's membership or by working with other policy related organizations. In specific policy areas, the Forum should try to elaborate and implement strategies to mobilize support outside of its membership to bring about policy implementation. An example will illustrate this approach.

Policy Reform in Peru: Hernando De Soto, the author of The Other Path and famous policy reform thinker, has been working in the context of his Institute of Liberty and Democracy on formalizing property title and ownership in Peru. The monopoly held by a limited number of notaries public was the major obstacle for anyone wishing to hold clear property title. These officials were paid to do little more than sign property titling documents. De Soto was able to

reform this group however by changing the law to allow land to be titled for a segment of the population which had always escaped the monopoly of the notaries public: poor squatters. Once squatters started realizing the benefits of secure title, it developed an interest group that soon outsized the notaries public. In a democratic political context, the political system usually will side with the largest number of voters. In an autocratic system, the political situation will side with those groups that give the autocrat legitimacy. In either case, policy reform is ultimately a question of political economy.

Such an approach requires the identification of who will be the "losers" and the "winners" or beneficiaries for any specific policy change. It then requires working with the "winners" -- in the De Soto case, the squatters -- to organize them and other stakeholders into pressure groups. As these pressure groups increase in importance, they eventually tilt the political scales in their favor. When that occurs, policy reform takes place.

Much of this type of strategizing can take place between the various working levels of the National Forum. This approach is one way to incrementalize policy change, i.e., breaking down large policy transformations into smaller, more manageable steps. Such an approach can be critical to show members gradual progress required to ward off mass frustration that can occur when long time periods separate major policy victories.

5. Build Support through the Press and Mass Media

The National Forum might want to cultivate relationships with selected members of the Ugandan business press. Involving the press is sometimes a delicate matter because no one can be sure how issues or institutions will be perceived by reporters. The press and mass media however have an important and powerful role to play in promoting policy change. By airing proposed policy reform measures in the newspapers and through other media, various groups can express their opinions "for" or "against." The public debate, however controversial, can take place in the editorials of the newspaper rather than "in the streets." Policy decision-making, having observed the sentiments expressed in the media debate, are better able to predict the outcome of a policy decision. The following scenario illustrating how the National Forum might involve the press is based on how the press has assisted in policy change in numerous other countries.

Involving the Press: Let us assume that the National Forum has identified a particularly difficult area of policy reform: For example, a solution which would let non-bank, nongovernmental organizations accept savings deposits from microenterprises. Let's say also that the National Forum is also coordinating with an international donor who funded a detailed study of the issue and came up with one or several good, workable solutions to the policy objective. The National Forum could then hold a seminar on this topic where these solutions would be presented to the relevant Ministries who would implement the reform. The press would be invited to the seminar and report on the event. If the resulting press coverage is

unfavorable, the National Forum can rebut the press' position with a letter to the editor. If the press is favorable, other groups might start debating it publicly as well. In either case, press involvement airs the issues and allows decision-makers to "test the waters" of a proposed policy change to assess what public reaction might be when it is implemented. It also effectively brings pressure on line ministers to bring closure to the policy issue.

D. ESTABLISH THE NATIONAL FORUM AS AN AUTONOMOUS, LOCAL NON-GOVERNMENTAL ORGANIZATION

For historical reasons the National Forum was funded by USAID by a grant to the UMA when it was one of the few effective business associations. Now the landscape has changed. The National Forum has distinguished itself and has become a known entity with strong momentum behind it. Furthermore, the National Forum should serve on a neutral basis a number of business associations, including the Chamber of Commerce, the Private Sector Foundation, the UMA and others, while being dependent on none of them. This argues for a more autonomous National Forum. The past association with UMA has been positive and the team found that UMA did not unduly influence on the deliberations of the Forum. Nevertheless, autonomy from UMA, even if UMACIS continues to furnish the secretariat, removes the appearance of influence and allows the National Forum to relate to all business associations on an equal footing.

In parallel, there are a number of factors which argue for the establishment of an organization that can pursue its own agenda by accepting grant funds from international donors and business associations to undertake mutually-beneficial, collaborative activities. Among these, the strong sense of ownership the members exhibit with regard to the National Forum makes it inappropriate for a benefactor to fund the Forum on contract. Additionally, the broad-based, long-term, general interest nature of the policies articulated by the Forum exceed the interest of dues-paying special interest groups or business associations.

This recommendation is not to suggest a departure from the past at the operational level of the National Forum. An autonomous NGO National Forum could accept grant funds from USAID or any other donor, and obtain the services of UMACIS on contract, if so desired, to provide the secretariat. The UMA, as well as other business associations, could continue to make in-kind or cash grants to the functioning of the National Forum. The formal establishment of the National Forum as an NGO entity should take away nothing from the "loose, informal" functioning of the Forum as it currently operates. The Forum should continue to operate just as it currently does under the "umbrella" of an autonomous NGO. Properly designed, such an arrangement should enhance the voluntary, free-speaking nature of the Forum. An autonomous, NGO able to accept grant funds would however better situate the National Forum to face its future.

INSTITUTIONAL STRATEGY FOR THE UGANDA NATIONAL FORUM

SCOPE OF WORK

I. WHAT HAS THE NATIONAL FORUM ACCOMPLISHED?

Task One: *In-Dept Analysis of the Unique Competence of the National Forum*

Examine the structure and functioning of the present-day operations of the National Forum and elaborate on the following questions.

- . What does the National Forum do better than any other policy related organization in Uganda?
- . What activities and/or areas does it perform less well and which should it consider leaving to other organizations?
- . What is the niche of the National Forum, both in terms of its distinctive institutional capabilities and end-user, "client" groups?
- . What is the value added of the National Forum?
- . Having once pinpointed the above, suggest new ways that the National Forum might change its operations or emphasis to optimize performance in these new areas of concentration.

III. RELATIONSHIP BETWEEN THE NATIONAL FORUM AND OTHER POLICY-RELATED ORGANIZATIONS

Task Two: *Analysis of Potential Duplication between the National Forum and the UNDP Private Sector Development Project*

The design of the Uganda Private Sector Development Project funded by the UNDP is strikingly similar to the structure and operation of the National Forum. Examine this project in detail to identify any areas which might be duplicative and suggest to resolve any problems in this area.

Task Three: *Comparative Analysis of the National Forum with Other Policy Related Organizations*

Examine the present-day experience of the National Forum and compare it to the organizations listed below. In each case of each organization, this analysis will (a) differentiate the present or potential role which should be played by each of these organizations and (b) based upon the distinctive role of each, outline how synergies can be created between these organizations in the formulation and implementation of policy issues.

- . Private Sector Foundation funded by the IBRD
- . Uganda Private Sector Development Project funded by the UNDP
- . National Planning Authority required by the new Ugandan Constitution
- . Law Reform Component of the Institutional Capability Building Project of the IBRD
- . EPAU of the Ministry of Finance funded by USAID
- . Possible policy-related activities which might be funded by USAID in its Agriculture and Democracy & Governance Programs
- . PRESTO Policy Unit funded by USAID
- . National Economic Committee (NEC) of Parliament

III. WHERE DOES THE NATIONAL FORUM GO FROM HERE?

Task Four: *Alternative Institutional Arrangements for the Continuation of the National Forum*

Outline two to three options or alternatives institutional arrangements which might enhance the effectiveness of the National Forum in its future operations. For each option, discuss the following:

- . Implications for how the National Forum will operate
- . Advantages and disadvantages
- . Additional resources requirements which might be necessary

Based on the above, indicate which options will likely have the optimum effectiveness in the operations and results of the National Forum.

Task Five: *Analysis of the Programmatic Focus of the National Forum*

Review the current policy agenda of the National Forum and identify which issues are the most critical and will have the greatest impact in terms of maintaining the adhesion of present National Forum members and attracting greater participation of top decision makers in the private sector and government.